

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6639

BILL NUMBER: HB 1066

NOTE PREPARED: Dec 23, 2008

BILL AMENDED:

SUBJECT: Project Location for Tax Credit Eligibility.

FIRST AUTHOR: Rep. Torr

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill relaxes restrictive provisions in: (1) the Economic Development for a Growing Economy (EDGE) tax credit; and (2) the Hoosier Business Investment Tax Credit; that require a taxpayer to maintain operations at the particular location where the investment is made to allow the taxpayer to relocate operations to any site in Indiana. It makes related changes.

Effective Date: January 1, 2010.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR would incur some administrative expenses relating to the revision of tax forms, instructions, and computer programs to reflect the changes regarding the Economic Development for a Growing Economy and Hoosier Business Investment tax credits. The DOR's current level of resources should be sufficient to implement the new changes.

Indiana Economic Development Corporation (IEDC): The IEDC would incur administrative expenses relating to the relaxation of restrictions of project locations for recipients of the EDGE and Hoosier Business Investment tax credits. Amendments will need to be made to the credit award agreements for existing projects receiving these credits. Currently, the IEDC has seven vacant positions.

Explanation of State Revenues: *Summary* - This bill would allow those receiving EDGE and Hoosier Business Investment tax credits to move their projects to any site in Indiana. The current statute specifies that these businesses must remain at their respective site locations to be eligible for the credit awards. Any impacts that would occur at the state level are indeterminable because data is unavailable to predict how many businesses will move site locations to other sites in Indiana.

Background Information - According to the IEDC's 2006 Annual Report for EDGE and Hoosier Business Investment tax credits, approximately 50% of new projects awarded these credits were located in cities or towns with populations of 30,000 or less. Allowing projects receiving EDGE or Hoosier Business Investment tax credits to relocate to different sites in Indiana could potentially impact local economies. The impact would depend upon where the project site would be relocated, and more specifically, whether or not those currently employed would be able to commute to the new location. Some cities and towns may experience increased unemployment.

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Revenues*.

State Agencies Affected: DOR; IEDC.

Local Agencies Affected:

Information Sources: IEDC, 2006 EDGE Annual Report, 2006 HBI Annual Report; State of Indiana HRM Detail Staffing Report, 10/31/08.

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